

MAPLE LEAF GREEN WORLD INC.
(formerly Maple Leaf Reforestation Inc.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2013
(Unaudited - Expressed in Canadian dollars, unless otherwise stated)

Notice to Reader of the Unaudited Interim Consolidated Financial Statements
For the three and six months ended June 30, 2013

The unaudited interim consolidated financial statements of Maple Leaf Green World Inc. (the “Company”) for the three and six months ended June 30, 2013 (“Financial Statements”) have been prepared by management and have not been reviewed by the Company’s independent auditor. The Financial Statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2012 which are available on the SEDAR website at www.sedar.com. The Financial Statements are stated in Canadian dollars, unless otherwise indicated, and are prepared in accordance with Canadian generally accepted accounting principles.

MAPLE LEAF GREEN WORLD INC.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian dollars)

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Revenue	\$ 9,119	\$ 268,356	\$ 10,423	\$ 292,351
Cost of sales	(10,317)	(204,932)	(11,454)	(225,875)
	(1,198)	63,424	(1,031)	66,476
Expenses and other				
Consulting fees	-	3,205	-	19,524
Depreciation and amortization	2,331	39,383	2,729	44,629
Filing and transfer agent	3,078	-	4,078	7,511
Foreign exchange gain	-	(2,203)	-	(2,203)
Interest and bank charges	11,512	14,738	24,093	17,785
Interest and other income	(7,466)	(6,191)	(13,609)	(11,381)
Management salaries	22,500	22,776	45,000	26,250
Meals and entertainment	1,343	3,492	2,631	5,526
Office	12,988	7,204	15,175	10,267
Professional fees	8,738	13,540	8,738	24,144
Rent	29,440	8,116	37,274	27,922
Salaries and wages	26,538	32,344	52,891	68,820
Shareholder information and promotion	1,416	-	1,800	7,134
Share-based compensation	-	-	-	9,854
Telephone	1,936	1,282	2,705	2,525
Travel and promotion	1,169	711	2,310	26,986
Change in biological assets	16,420	88,067	16,420	18,200
	131,943	226,464	202,235	303,493
Loss for the period	(133,141)	(163,040)	(203,266)	(237,017)
		-		
		-		
Unrealized exchange differences on translation of foreign operations	7,385	(113,028)	14,351	12,220
Comprehensive Income (loss) for the period	\$ (125,756)	\$ (276,068)	\$ (188,915)	\$ (224,797)
Loss per share				
Basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average number of shares outstanding - basic and diluted	86,056,757	84,186,427	85,131,983	82,507,184

MAPLE LEAF GREEN WORLD INC.
Condensed Interim Consolidated Statement of Financial Position
[Unaudited - Expressed in Canadian dollars]

	Note	June 30, 2013	December 31, 2012
ASSETS			
Current assets			
Cash and cash equivalents		\$ 7,920	\$ 12,226
Receivable and prepaids		5,906	15,490
Inventories	4	17,465	12,660
Biological assets	4	417,782	360,144
		449,073	400,520
Non-current assets			
Property, plant and equipment	5	425,809	488,297
Prepaid lease payment, non-current portion		109,118	101,729
		534,927	590,026
Total assets		\$ 984,000	\$ 990,546
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		\$ 528,477	\$ 419,982
Short term loans	6	62,713	104,339
Convertible debentures	7	202,861	141,366
Deposits		9,576	11,146
		803,627	676,833
Total liabilities		803,627	676,833
Equity			
Issued capital	8	8,570,889	8,515,314
Share subscription received		-	-
Deficit		(12,976,342)	(12,773,076)
Other reserves		4,585,826	4,571,475
Total equity		180,373	313,713
Total liabilities and equity		\$ 984,000	\$ 990,546

Commitments (Note 14)

Contingency (Note 15)

APPROVED BY BOARD

(signed) Raymond Lai
Director

(signed) Dannie Chu
Director

MAPLELEAF GREEN WORLD INC.
Condensed Interim Consolidated Statements of Changes in Equity
[Unaudited - Expressed in Canadian dollars]

	Number of shares	Issued capital	Contributed surplus	Other Reserves		Total equity
				Foreign currency translation reserve	Deficit	
At January 1, 2013	84,186,427	\$ 8,515,314	\$ 4,519,742	\$ 51,733	\$ (12,773,076)	\$ 313,713
Loss for the period	-	-	-	-	(203,266)	(203,266)
Other comprehensive income	-	-	-	14,351	-	14,351
Share subscription	2,300,000	55,575	-	-	-	55,575
At June 30, 2013	86,486,427	\$ 8,570,889	\$ 4,519,742	\$ 66,084	\$ (12,976,342)	\$ 180,373

	Number of shares	Issued capital	Contributed surplus	Other Reserves		Total equity
				Foreign currency translation reserve	Deficit	
At February 1, 2012	80,682,875	8,344,136	4,509,888	(101,002)	(11,361,515)	1,391,507
Loss for the period	-	-	-	-	(237,017)	(237,017)
Other comprehensive income	-	-	-	12,220	-	12,220
Share-based payment transactions	903,552	45,178	9,854	-	-	55,032
Private placement, net of share issuance costs	2,600,000	126,000	-	-	-	126,000
At June 30, 2012	84,186,427	\$ 8,515,314	\$ 4,519,742	\$ (88,782)	\$ (11,598,532)	\$ 1,347,742

MAPLE LEAF REFORESTATION INC.
Condensed Interim Consolidated Statements of Cash Flows
[Unaudited - Expressed in Canadian dollars]

	<u>Three months ended June 30,</u>		<u>Six months ended June 30,</u>	
	2013	2012	2013	2012
OPERATING ACTIVITIES				
Loss before tax from continuing operations	\$ (133,141)	\$ (163,040)	\$ (203,266)	\$ (237,017)
Items not affecting cash:		-		
Depreciation and amortization	32,652	67,385	56,725	89,365
Accretion on convertible debentures	6,373	6,392	11,495	11,514
Accretion interest on short-term loans	520	-	3,268	-
Change in biological asset	16,420	88,067	16,420	18,200
Unrealized foreign exchange loss	6,166	(35,805)	12,725	12,220
Share-based compensation	-	-	-	9,854
	(71,010)	(37,001)	(102,633)	(95,864)
Non-cash working capital adjustments:				
Decrease (increase) in trade receivables and prepayment	8,361	18,339	9,584	(1,577)
Decrease (increase) in inventories	(4,512)	124,995	(4,805)	106,836
Decrease in biological assets	(41,490)	-	(74,058)	-
Increase (decrease) in deferred income	-	(77,269)	-	(43,979)
Deposits	(713)	2	(1,570)	859
Increase in trade and other payables	55,095	1,533	108,495	(49,726)
Cash flow used in operating activities	(54,269)	30,599	(64,987)	(83,451)
INVESTING ACTIVITIES				
Increase in land lease	-	(21,760)	-	(21,002)
Net cash flows from investing activities	-	(21,760)	-	(21,002)
FINANCING ACTIVITIES				
Shares issued, net of share issuances costs	43,075	-	55,575	126,000
Share subscriptions	-	-	-	-
Funds from convertible debentures	-	-	50,000	-
Funds from short term loan	-	-	-	-
Payment (repayment) of short term loan	5,025	(1,668)	(44,894)	-
Net cash flows from in financing activities	48,100	(1,668)	60,681	126,000
Net increase in cash and cash equivalents	(6,169)	7,171	(4,306)	21,547
Cash and cash equivalents, beginning of year	14,089	36,860	12,226	22,484
Cash and cash equivalents, end of year	\$ 7,920	\$ 44,031	\$ 7,920	\$ 44,031

MAPLE LEAF GREEN WORLD INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2013

(Unaudited - Expressed in Canadian dollars, unless otherwise stated)

1. NATURE OF OPERATIONS

Maple Leaf Green World Inc. ("Maple Leaf"), is incorporated in Alberta, Canada, with common shares listed on the TSX Venture Exchange under the ticker symbol "MPE.V". The corporate office is located at 2916B 19 Street N.E., Calgary, Alberta, T2E 6Y9. In October 2012, Maple Leaf changed its name to Maple Leaf Green World Inc. from Maple Leaf Reforestation Inc.

Maple Leaf, along with its subsidiary in Inner Mongolia, the People's Republic of China ("China") (collectively, the "Company") is currently developing its eco-agriculture nursery business (reforestation operation). The Company is exploring opportunities for renewable energy businesses in China. To date, the Company has not generated significant revenue to cover expenditures, and therefore has incurred recurring losses since inception. Prior to January 31, 2011, the Company was devoting substantially all of its efforts to establishing businesses to grow and sell young tree seedlings, yellowhorn trees and alfalfa, and to produce and sell fertilizer in China. Effective January 31, 2011, through the termination of various management agreements, the Company discontinued its projects in feedstock and fertilizer operations.

These financial statements were approved by the Board of Directors of the Company on August 28, 2013.

2. BASIS OF PREPARATION

a) Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34 – *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the IASB have been condensed or omitted and these unaudited condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2012.

b) Basis of Measurement

These financial statements have been prepared on a historical cost basis except for derivative financial instruments, and financial instruments which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All financial information in these financial statements is presented in Canadian dollars, except as otherwise stated.

The accounting policies applied in preparation of these financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the year ended December 31, 2012, with the exception of the application of certain new and amended IFRSs issued by the ISAB, which were effective from January 1, 2013. Those new and revised IFRSs that had impacts on the Company's unaudited condensed interim financial statements are described in note 3 below.

MAPLE LEAF GREEN WORLD INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2013

(Unaudited - Expressed in Canadian dollars, unless otherwise stated)

The Company's management makes judgements in its process of applying the Company's accounting policies in the preparation of its unaudited condensed interim consolidated financial statements. In addition, the preparation of the financial data requires that the Company's management make assumptions and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The critical judgements and estimates applied in the preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in note 4 to the Company's financial statements for the year ended December 31, 2012.

These financial statements have assumed that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation, and therefore, these financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. However, the Company has not yet generated significant revenue to cover expenditures, and has incurred significant losses and negative cash flow from operations since its inception, and therefore, ongoing operations of the Company are dependent upon its ability to receive continued financial support, complete public equity financings, or generate profitable operations in the future. In the event that Company is not able to secure additional financing and continue as a going concern, material adjustments would be required to the carrying value of assets and liabilities and the balance sheet classification used.

c) Basis of consolidation

These consolidated financial statements include the accounts of Maple Leaf and its wholly-owned subsidiary, Inner Mongolia Maple Leaf Forestry Co. Ltd. incorporated in China. All significant intercompany balances and transactions have been eliminated upon consolidation.

3. CHANGES IN ACCOUNTING POLICIES

The Company has applied the following new and revised IFRSs in these unaudited condensed interim financial statements.

IFRS 10, Consolidated Financial Statements, replaces the guidance on control and consolidation in IAS 27, Consolidated and Separate Financial Statements, and SIC-12, Consolidation – Special Purpose Entities. IFRS 10 requires consolidation of an investee only if the investor possesses power over the investee, has exposure to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns. Detailed guidance is provided on apply the definition of control. The accounting requirements of consolidation have remained largely consistent with IAS 27. The Company assessed its consolidation conclusions on January 1, 2013 and determined that the adoption of IFRS 10 did not result in any change in the consolidation status of its subsidiaries.

MAPLE LEAF GREEN WORLD INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2013

(Unaudited - Expressed in Canadian dollars, unless otherwise stated)

IFRS 13, Fair value measurement, provides a single IFRS framework for measuring fair value and require disclosures about fair value measurement. The Standard defines fair value on the basis of exit price notion and use a fair value hierarchy, which results in a market-based, rather than entity-specific measurement. The Company adopted IFRS 13 on January 1, 2013 on a prospective basis. The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments as at January 1, 2013.

The Company also adopted the amendments to **IAS 1, Presentation of Financial Statements**, effective January 1, 2013. These amendments required the Company to group other comprehensive income items by those that will be reclassified subsequently to profit or loss and those that will not be reclassified. These changes did not result in any adjustments to other comprehensive income or comprehensive income.

4. INVENTORY AND BIOLOGICAL ASSETS

Inventory consists of the following:

	June 30, 2013	December 31, 2012
Raw material and supplies	\$ 17,465	\$ 12,660

Information about the biological assets presented on the consolidated statements of financial position and in the consolidated statements of loss is as follows:

	Amount
Balance as at January 1, 2012	\$ 597,142
Increase due to capitalized costs	371,866
Loss arising from changes in fair value less cost to sell	(285,838)
Decrease due to sales	(323,026)
Balance as at December 31, 2012	360,144
Increase due to capitalized costs	85,512
Loss arising from changes in fair value less cost to sell	(16,420)
Decrease due to sales	(11,454)
Balance as at June 30, 2013	\$ 417,782

MAPLE LEAF GREEN WORLD INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2013

(Unaudited - Expressed in Canadian dollars, unless otherwise stated)

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	Furniture and equipment	Motor vehicles	Computer equipment	Leasehold improvement	Greenhouse	Total
As at January 1, 2012	\$ 40,676	\$ 18,602	\$ 12,638	\$ 4,185	\$ 1,925,668	\$ 2,001,769
Additions	-	-	-	-	-	-
Foreign translation impact	(416)	(219)	-	-	(22,641)	(23,276)
As at December 31, 2012	\$ 40,260	\$ 18,383	\$ 12,638	\$ 4,185	\$ 1,903,027	\$ 1,978,493
Foreign translation impact	2,543	1,335	-	-	82,123	86,001
As at June 30, 2013	\$ 42,803	\$ 19,718	\$ 12,638	\$ 4,185	\$ 1,985,150	\$ 2,064,494

Accumulated depreciation, depletion and amortization	Furniture and equipment	Motor vehicles	Computer equipment	Leasehold improvement	Greenhouse	Total
As at January 1, 2012	\$ 13,428	\$ 9,766	\$ 11,501	\$ 837	\$ 760,046	\$ 795,578
Depreciation and amortization	2,757	3,282	275	906	170,594	177,814
Impairment	12,269	2,965	-	-	515,774	531,008
Foreign translation impact	(831)	(364)	-	-	(13,009)	(14,204)
As at December 31, 2012	\$ 27,623	\$ 15,649	\$ 11,776	\$ 1,743	\$ 1,433,405	\$ 1,490,196
Depreciation and amortization	1,436	1,701	161	454	52,973	56,725
Foreign translation impact	2,457	1,209	-	-	88,098	91,764
As at June 30, 2013	\$ 31,516	\$ 18,559	\$ 11,937	\$ 2,197	\$ 1,574,476	\$ 1,638,685

Net book value	Furniture and equipment	Motor vehicles	Computer equipment	Leasehold improvement	Greenhouse	Total
As at January 1, 2012	\$ 27,248	\$ 8,836	\$ 1,137	\$ 3,348	\$ 1,165,622	\$ 1,206,191
As at January 1, 2013	12,637	2,734	862	2,442	469,622	488,297
As at June 30, 2013	\$ 11,287	\$ 1,159	\$ 701	\$ 1,988	\$ 410,674	\$ 425,809

6. SHORT-TERM LOANS

The Company advanced loans from officers and directors of the Company or individuals related to officers and directors of the Company for working capital expenditures. Such loans bear interest rates ranging from 10% to 13% per annum and payable upon demand.

Information about the changes of short term loans presented on the consolidated statements of financial position is as follows:

	Amount
Balance as at January 1, 2012	\$ 69,553
Net borrowing	29,346
Interest accrued	5,440
Balance as at December 31, 2012	104,339
Net repayments	(44,894)
Interest accrued	3,268
Balance as at June 30, 2013	\$ 62,713

MAPLE LEAF GREEN WORLD INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2013

(Unaudited - Expressed in Canadian dollars, unless otherwise stated)

7. CONVERTIBLE DEBENTURES

In July 2010, the Company raised \$102,500 by issuing \$102,500 of convertible debentures bearing interest of 15% per annum and maturing July 30, 2012. The debentures are convertible into common shares of the Company using a conversion price of \$0.175 until maturity. In July 2012, the Company reached agreements with the debenture holders to extend the maturity date of the convertible debentures to July 30, 2013 and amended the conversion price to \$0.10 until maturity. The Company continues to accrue interest expense with respect to these convertible debentures until they are extinguished.

In March 2013, the Company issued \$50,000 convertible debenture to a third party. This debenture is for a term of six months and is convertible into common shares of the Company at any time during the term at a price of \$0.10 per common share. The debenture is bearing an interest rate of 10% per annum payable upon maturity.

During the three and six months ended June 30, 2013, interest expenses of \$6,373 and \$11,495, respectively, (three and six months ended June 30, 2012 - \$6,392 and \$11,514, respectively) were accrued and included into the carrying balance of the convertible debentures.

As at June 30, 2013, the carrying value and fair value of the convertible debentures were \$202,861 (December 31, 2012 - \$141,366).

8. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.

b) Private placements

On February 24, 2012, the Company completed a private placement to raise gross proceeds of \$130,000 by issuing 2,600,000 units at a subscription price of \$0.05 per unit. Each unit consists of one common share and one common share purchase warrant exercisable for five years from the date of closing at a price of \$0.10. In connection with this private placement, the Company paid finder's fee in the amount of \$4,000 to unrelated parties.

On February 6, 2012, the Company issued an aggregate of 903,552 common shares at a fair value of \$0.05 per share for legal services to a private company wholly-owned by a former director of the Company. The shares were issued to settle outstanding amounts payable from prior years.

In April 2013, the Company completed a non-broker private placement of 2,300,000 units for total gross proceeds of \$57,500. Each unit will consist of one common share and one common share purchase warrant, exercisable into one common share at \$0.05 per share for the first year and \$0.10 per share for the next four years. A finder's fee in the amount of \$1,925 was paid.

MAPLE LEAF GREEN WORLD INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2013

(Unaudited - Expressed in Canadian dollars, unless otherwise stated)

c) Stock options

The following is a summary of option transactions:

	Number of options	Weighted average exercise price per share
Balance, December 31, 2011	6,785,000	\$ 0.14
Options expired or cancelled	(3,450,000)	\$ 0.14
Balance, December 31, 2012	3,335,000	\$ 0.13
Options expired	(1,785,000)	\$ 0.13
Balance, June 30, 2013	1,550,000	\$ 0.13

No options were granted during the three and six months ended June 30, 2013 and during the year ended December 31, 2012. The Company recorded share-based payments of \$nil (three and six months ended June 30, 2012 - \$nil and \$9,854, respectively) relating to prior period option grants.

The following table summarizes information about stock options outstanding at June 30, 2013:

Exercisable prices	Number of options outstanding	Expiry dates	Remaining contractual life	Number of exercisable at reporting date
\$ 0.140	600,000	August 31, 2013	0.17	600,000
\$ 0.125	450,000	January 18, 2014	0.55	450,000
\$ 0.125	100,000	July 29, 2014	1.08	100,000
\$ 0.125	400,000	December 22, 2014	1.48	400,000
\$0.125 - 0.14	1,550,000			1,550,000

MAPLE LEAF GREEN WORLD INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2013

(Unaudited - Expressed in Canadian dollars, unless otherwise stated)

d) Warrants

The following is a summary of warrant transactions:

Number of warrants outstanding as at January 1, 2012	Issued during the period	exercised/expired during the period	Number of warrants outstanding as at December 31, 2012	Exercise price per warrant	Expiry date
1,000,000	-	(1,000,000)	-	\$ 0.250	March 24, 2012
2,187,500	-	(2,187,500)	-	\$ 0.200	August 9, 2012
2,350,000	-	(2,350,000)	-	\$ 0.125	September 7, 2012
7,645,588	-	-	7,645,588	\$ 0.125	February 14, 2013
684,458	-	-	684,458	\$ 0.085	February 14, 2013
	2,600,000	-	2,600,000	\$ 0.100	February 24, 2017
13,867,546	2,600,000	(5,537,500)	10,930,046		

Number of warrants outstanding as at January 1, 2013	Issued during the period	exercised/expired during the period	Number of warrants outstanding as at June 30, 2013	Exercise price per warrant *	Expiry date
7,645,588	-	(7,645,588)	-	\$ 0.125	February 14, 2013
684,458	-	(684,458)	-	\$ 0.085	February 14, 2013
2,600,000	-	-	2,600,000	\$ 0.100	February 24, 2017
-	2,300,000	-	2,300,000	\$ 0.050	April 8, 2018
10,930,046	2,300,000	(8,330,046)	4,900,000		

* based on the exercise prices of the warrants at the balance sheet date

During the period ended of June 30, 2013, a total of 2,300,000 warrants were issued and each warrant is exercisable into one common share at \$0.05 per share for the first year and \$0.10 per share for the next four years.

MAPLE LEAF GREEN WORLD INC.

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(Unaudited - Expressed in Canadian dollars, unless otherwise stated)

9. RELATED PARTY TRANSACTIONS

Related party transactions are in the normal course of operations and are measured at the amount of consideration established and agreed by the related parties. Related party transactions included short term loans from directors and officers, which are disclosed in Note 6, and the compensation to key management disclosed below.

The Company has identified its directors and executive staff as key management personnel. Compensation to key management, including fees paid to companies controlled by directors and officers for their services provided, is follows:

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Management fee, consulting fee, and wages	\$ 31,500	\$ 32,597	\$ 63,000	\$ 62,428
Stock base compensations	-	-	-	5,091
Total	\$ 32,597	\$ 32,597	\$ 63,000	\$ 67,519

As at June 30, 2013, a total of \$126,000 (December 31, 2012 - \$63,000) payable to key management remained outstanding and is included in trade and other payables on the consolidated statements of financial position. The Company did not pay any long-term or termination benefits to its key management personnel. The Company's employment agreement with an officer would entitle that officer to \$90,000 upon termination.

10. CAPITAL DISCLOSURES

The Company's objectives of capital management are to provide returns for shareholders, and to comply with any externally imposed capital requirements, if any, to safeguard the entity's ability to support the Company's normal operating requirements on an ongoing basis and continue to develop and expand the reforestation projects in China. Currently, there is no externally imposed capital requirement on the Company.

The capital of the Company consists of short term loans, convertible debentures and the items included in shareholders' equity. The Board of Directors does not establish a quantitative return on capital criteria for management, but promotes year-over-year sustainable earnings growth targets. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

11. FINANCIAL INSTRUMENTS

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The Company classifies its financial instruments as follows: cash is classified as a financial asset at FVTPL, and trade payables are classified as other financial liabilities, which are measured at amortized cost. The carrying values of these instruments approximate their fair values due to their short term to maturity.

MAPLE LEAF GREEN WORLD INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2013

(Unaudited - Expressed in Canadian dollars, unless otherwise stated)

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Cash is placed with major financial institutions. The Company's concentration of credit risk for cash and maximum exposure thereto is \$7,920 (December 31, 2012 - \$12,226).

b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. At June 30, 2013, the Company has \$7,920 (December 31, 2012 - \$12,226) of cash to settle current liabilities with the following due dates: trade and other payables of \$528,477 (December 31, 2012 - \$419,982) are due within three months; convertible debentures of \$202,861 (December 31, 2012 - \$141,366) are due within six months; short-term loans of \$62,713 (December 31, 2012 - \$104,339) and deposits of \$9,576 (December 31, 2012 - \$11,146) are due on demand.

c) Market risk

The significant market risks to which the Company is exposed are interest rate risk and currency risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market interest rates. The Company's cash consists of cash held in bank accounts that earn interest at variable rates. Due to the short-term nature of this financial instrument, fluctuations in market rates of interest do not have a significant impact on the estimated fair value or future cash flows.

(ii) Currency risk

The Company is exposed to currency risk to the extent that expenditures incurred or funds received and balances maintained by the Company are denominated in CAD. The Company does not manage currency risk through hedging or other currency management tools. The Company's exposure to currency risk is limited to the net investment in the subsidiary.

MAPLE LEAF GREEN WORLD INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2013

(Unaudited - Expressed in Canadian dollars, unless otherwise stated)

As at June 30, 2013, with other variables unchanged, a 1% fluctuation of the RMB against the CAD would affect comprehensive income by approximately \$1,305 (December 31, 2012 - \$850).

(iii) Other price risk

Other price risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or currency risk. The Company is not exposed to other price risk.

12. SIGNIFICANT CUSTOMERS

During the period ended June 30, 2013, the Company had two customers (same period last year – two) that each accounted for over 40% of revenue (same period last year – 10%), for a combined 91% of total revenues (same period last year – 62%).

13. SEGMENT INFORMATION

a) Segments

Prior to January 31, 2011, the Company operates in three reportable segments in China, being in reforestation, feedstock and fertilizer industries, and in two geographic segments: Canada and China.

Upon the discontinuance of its feedstock and fertilizer operations, the Company only has one reportable segment, being the greenhouse eco-agriculture industry in China. Geographic segment information is summarized as follows:

b) Segment operation information

The following is the summary of certain long-term assets and total assets of each geographic segment:

		Canada		China		Total
<hr/>						
As at June 30, 2012						
Property, plant and equipment	\$	3,816	\$	421,993	\$	425,809
Prepaid lease payments	\$	-	\$	109,118	\$	109,118
Total Assets	\$	8,405	\$	975,595	\$	984,000
<hr/>						
As at December 31, 2012						
Property, plant and equipment	\$	4,630	\$	483,667	\$	488,297
Prepaid lease payments, non-current portion	\$	-	\$	101,729	\$	101,729
Total Assets	\$	32,346	\$	958,200	\$	990,546

MAPLE LEAF GREEN WORLD INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2013

(Unaudited - Expressed in Canadian dollars, unless otherwise stated)

The following is a summary of operations for each segment:

Three months ended June 30, 2013				Six months ended June 30, 2013			
	Canada	China	Total	Canada	China	Total	
Sales	\$ -	\$ 9,119	\$ 9,119	\$ -	\$ 10,423	\$ 10,423	
Cost of sales	-	(10,317)	(10,317)	-	(11,454)	(11,454)	
Gross profit	-	(1,198)	(1,198)	-	(1,031)	(1,031)	
Expenses and other	(99,098)	(32,845)	(131,943)	(157,106)	(45,129)	(202,235)	
Net loss	\$ (99,098)	\$ (34,043)	\$ (133,141)	\$ (157,106)	\$ (46,160)	\$ (203,266)	

Three months ended June 30, 2012				Six months ended June 30, 2012			
	Canada	China	Total	Canada	China	Total	
Sales	\$ -	\$ 268,356	\$ 268,356	\$ -	\$ 292,351	\$ 292,351	
Cost of sales	-	(204,932)	(204,932)	-	(225,875)	(225,875)	
Gross profit	-	63,424	63,424	-	66,476	66,476	
Expenses and other	(102,463)	(124,001)	(226,464)	(207,353)	(96,140)	(303,493)	
Net loss	\$ (102,463)	\$ (60,577)	\$ (163,040)	\$ (207,353)	\$ (29,664)	\$ (237,017)	

14. COMMITMENTS

- a) On January 1, 2006, the Company entered into a land lease agreement in Inner Mongolia in China for a term of 50 years ending December 31, 2056. The Company is required to pay an aggregate of \$153,520 (RMB 950,000) for the whole lease term. The payments are to be made over the first 10 years and a summary of remaining payments are due as follows:

Year	Annual Payments
2013	\$12,928
2014	12,928
2015	3,232
Total	\$29,088

The annual lease expense is \$3,070, which is based on the aggregate value amortized over the 50-year period.

- b) The Company has a lease with respect to its Calgary head office. The lease is for a term of three years, from November 1, 2011 to October 31, 2014, and the remaining lease payment of \$60,897 over the remaining lease term is as follows:

Year	Annual Payments
2013	\$21,901
2014	38,996
Total	\$60,897

MAPLE LEAF GREEN WORLD INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2013

(Unaudited - Expressed in Canadian dollars, unless otherwise stated)

The Company has currently sub-leased some office space to offset the costs of the lease. Annual revenue from the sub-lease is estimated to be \$10,410.

- c) The Company is committed to pay a management fee to an officer in the amount of \$90,000 annually.
- d) The Company has a lease with respect to its head office location. The lease is for a term of five years, from October 2, 2008 to September 30, 2013. As at June 30, 2013 the remaining lease payment amount is \$7,516.

The Company is subleasing the office space to various parties to reduce its monthly operating cost.

15. CONTINGENCY

In 2011, the Company was in dispute with a former joint venture partner with respect to a previously planned joint project. The former joint venture partner claimed that the Company had breached its obligations pursuant to their previous joint venture agreement, and indicated that it would like to have the matter heard by an arbitrator and seek compensation of approximately \$75,000. No formal arbitration procedure has been initiated and management of the Company is of the opinion that the former joint venture partner's claim has no merit and has not recorded any provision.

16. COMPARATIVE AMOUNTS

Certain prior period figures in the unaudited condensed interim consolidated of loss and comprehensive loss and the consolidated statements of cash flows have been reclassified to confirm to the current period's presentation.